

Economic Recovery Results in Second Consecutive Surplus

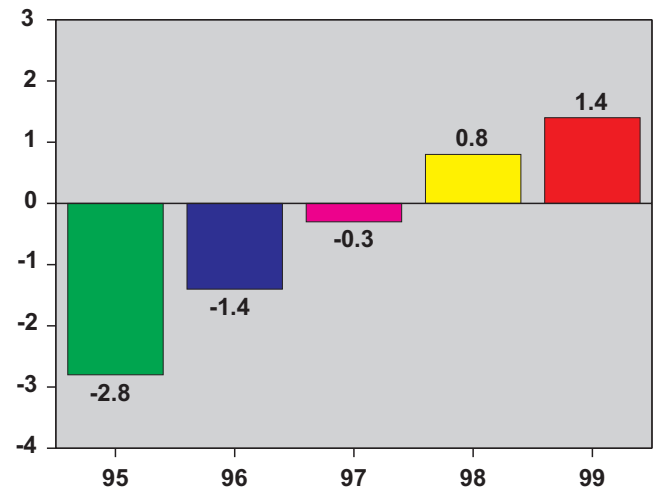
The fiscal 1999 surplus was \$124.4 billion, or 1.4 percent of gross domestic product (GDP). This is the second consecutive year the budget posted a surplus, the first back-to-back surpluses since 1956-57, and the largest surplus as a percentage of GDP since 1951. In dollar terms, it is the largest ever.

The surplus marks the seventh consecutive year of improvement in the Federal budget balance since the deficit peaked at \$290.4 billion, or 4.7 percent of GDP, in fiscal 1992. Since that year, because of strong and continuing economic growth and Federal Government downsizing and spending control, outlays have grown at an average rate of only 3.0 percent per year. This is less than half the average

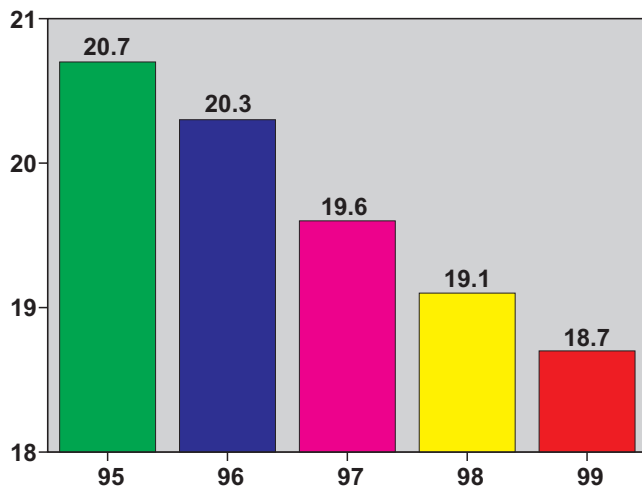
of 7.3 percent per year over the preceding 12 years. Meanwhile, receipts have advanced at a rate of 7.6 percent per year, faster than the 6.4 percent average of 1980 through 1992. This growth resulted in steady reductions in the deficit and the realization of a surplus.

Because of this progress in eliminating the budget deficit, the debt held by the public has been reduced by almost \$140 billion in the last 2 years. As a share of the economy, the debt held by the public has declined for 6 consecutive fiscal years and is now at its lowest since 1986. This string of 6 consecutive fiscal years of debt reduction, as a share of GDP, is the longest since the period ending in 1967.

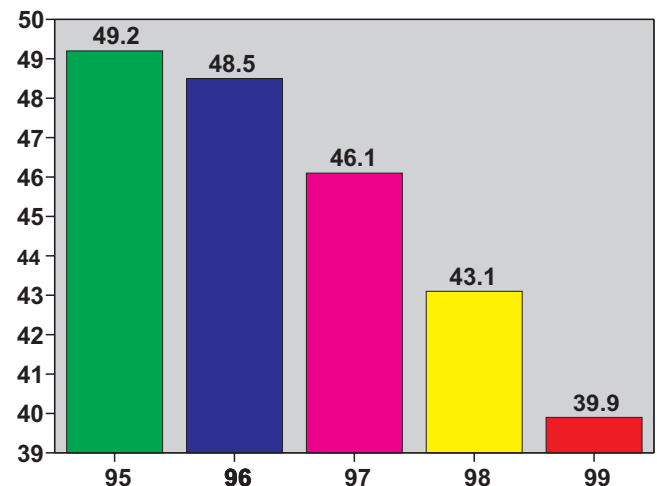
Federal Surplus as a Percentage of Gross Domestic Product



Spending as a Percentage of Gross Domestic Product Dropped



Federal Debt Held by the Public as a Percentage of Gross Domestic Product Also Dropped



Basic Economic Statistics 1995—1999

	1995	1996	1997	1998	1999
Economic growth (%)	2.6	3.8	4.7	3.9	4.3
Inflation (%)	2.5	3.0	2.2	1.4	2.6
Job growth (millions)	2.7	2.5	3.1	3.1	2.7
Unemployment rate (%)	5.6	5.5	5.1	4.6	4.3

Note: All indicators are measured from end-of-fiscal year to end-of-fiscal year except for the unemployment rate which is a fiscal year average. Inflation was measured using the Consumer Price Index (CPI).

Federal Employees 1991—2000

Sept. 30	In millions
1991	2.243
1992	2.225
1993	2.157
1994	2.085
1995	2.012
1996	1.934
1997	1.872
1998	1.856
1999	1.820
2000*	1.857

* Increase includes Census workers.

NOTE: Revisions to data series are based on changes to the GDP factor.

Data presented were compiled by the Office of Economic Policy, Department of the Treasury. For more information, call (202) 622-1686.